

Budgeting and Money Management

Understanding your Personal Finances

Budgets - The Purpose

- [Live within your Income
- [Achieve Financial Goals
- [Buy Wisely
- [Avoid Credit Problems
- [Plan/Prepare for Financial Emergencies
- [Development Money Management Skills

Creating a Budget

- [1.) Setting Financial Goals
- [2.) Planning Budget Categories
- [3.) Maintaining Financial Records
- [4.) Evaluating Your Budget

Financial Goals

Determine where you want to be financially and what your financial needs are.

Consider needs, wants, standard of living, and any other financial goals to help better prepare your budget.

Income

Money that you receive from Work, Investments, Gifts and other sources.

— [Budgets rely on **Income** to help determine spending and saving.

— [Budget Categories are created based on your **Income** and what your expenditures will be.

— [Gross Income vs. Net Income

Budget Categories

Fixed Expenses - Expenses that do not change and occur regularly.

Ex.) Rent/Mortgages, Insurance, Cell Phone, Student Loans

Variable Expenses - Expenses that change regularly due to different life activities but occur regularly (Typically needs)

Ex.) Food, Gas, Utilities (Water, Gas, Electric), Clothes

Miscellaneous Expenses - Expenses occur due to wants.

Ex.) Entertainment, Restaurants, Activities, etc...

Budget Categories (Continued)

——— [1.) Savings

——— [2.) Food

——— [3.) Clothing

——— [4.) Household

——— [5.) Transportation

——— [6.) Health

——— [7.) Recreation/
Entertainment

——— [8.) Loans/Debt

——— [9.) Gifts/
Contributions

Maintain Financial Records

- Constant Process - Learn and Adapt your Budget, while monitoring your spending
- Bank Statements - Reconcile and Check for Mistakes
- Keep Receipts and a Register
- Check your Bank and Credit Card Accounts Often

Evaluate your Budget

- [Income Changes
- [Expenses Change
- [Life Events Happen
- [Be Prepared

Adapt Your Budget to account for these elements.